

Schroder Australian High Yielding Credit Fund

ARSN 098 143 796

**Condensed interim financial report
for the half-year ended 31 December 2024**

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This interim report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any public announcements made in respect of Schroder Australian High Yielding Credit Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

These financial statements cover Schroder Australian High Yielding Credit Fund as a registered managed investment scheme.

The Responsible Entity of Schroder Australian High Yielding Credit Fund is Schroder Investment Management Australia Limited.

The Responsible Entity's registered office is Level 20, 123 Pitt Street, Sydney NSW 2000.

Directors' report

The Directors of Schroder Investment Management Australia Limited ("Schroders"), the Responsible Entity of Schroder Australian High Yielding Credit Fund (the "Fund"), present their report together with the financial report of the Fund, for the half-year ended 31 December 2024.

Directors

The following persons held office as Directors of Schroders during the half-year or since the end of the half-year and up to the date of this report:

S Doyle

R Mellor-Bessant

N Goldsmith

N Morcos

R Macken

This report is made in accordance with resolution of the Directors.

Review and results of operations

There were no significant changes to the Fund's investment strategy. The investment policy of the Fund continues to be in accordance with the provisions of the Fund Constitution and the Product Disclosure Statement ("PDS").

Results

The performance of the Fund, as represented by the results of its operations, was as follows:

	Half-year ended	
	31 December 2024	31 December 2023
Operating profit (\$'000)	19,874	23,192
<i>Distributions - Professional Class</i>		
Distributions paid and payable (\$'000)	2	—

There were no distributions for Institutional class and Listed class for the half-year ended 31 December 2024 (2023: Nil).

Significant changes in state of affairs

Market disruptions associated with current geopolitical events have had a global impact, and uncertainty exists as to their implications. Such disruptions can adversely affect asset values and thus the performance of the Fund. Management is continuing to monitor this development and evaluate its impact on the Fund.

With effect on 1 July 2024, the Fund issued units in the professional class, and subsequently, on 4 December 2024, it issued units in a new share class (Listed class), which is listed on the CBOE on 9 December 2024.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the period under review.

Matters subsequent to the end of the half-year

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial periods; or
- (ii) the results of those operations in future financial periods; or
- (iii) the state of affairs of the Fund in future financial periods.

Directors' report (continued)

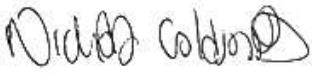
Rounding of amounts to the nearest thousand dollars


Amounts in the Directors' report have been rounded to the nearest thousand dollars in accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, unless otherwise indicated.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 3.

This report is made in accordance with a resolution of the Directors.

Director 
N Goldsmith

Director 
N Morcos

Sydney
13 March 2025



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Schorder Investment Management Australia Limited, the
Responsible Entity of Schroder Australian High Yielding Credit Fund

I declare that, to the best of my knowledge and belief, in relation to the review of Schroder Australian High Yielding Credit Fund for the half-year ended 31 December 2024 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG
KPMG

K Hopkins
Karen Hopkins

Partner

Sydney

13 March 2025

Schroder Australian High Yielding Credit Fund
Condensed statement of comprehensive income
For the half-year ended 31 December 2024

Condensed statement of comprehensive income

		Half-year ended	
		31 December	31 December
		2024	2023
	Note	\$'000	\$'000
Investment income			
Interest income from financial assets at fair value through profit or loss		12,454	11,890
Dividend income		–	62
Net gains on financial instruments at fair value through profit or loss		7,428	11,247
Other operating income		3	9
Total net investment income		19,885	23,208
Expenses			
Responsible Entity's fees		9	–
Custody fees		2	–
Transaction costs		–	16
Total operating expenses		11	16
Operating profit		19,874	23,192
Finance costs attributable to unitholders			
Distributions to unitholders*	8	(2)	–
Increase in net assets attributable to unitholders*	7	(19,872)	–
Profit for the half-year		–	23,192
Total comprehensive income for the half-year		–	23,192

*Net assets attributable to unitholders are reclassified from equity to liability from 1 July 2024. As a result, the Funds distributions, if any, are now classified as finance costs in the statement of comprehensive income, rather than distributions paid and payable in the statement of changes in equity. Refer to Note 1 and Note 7 for further details.

The above condensed statement of comprehensive income should be read in conjunction with the accompanying notes.

Schroder Australian High Yielding Credit Fund
Condensed statement of financial position
As at 31 December 2024

Condensed statement of financial position

		As at	
		31 December	30 June
		2024	2024
	Note	\$'000	\$'000
Assets			
Cash and cash equivalents		3,260	–
Margin accounts		7,170	7,499
Receivables		1	1
Accrued income		6,742	5,997
Due from brokers - receivable for securities sold		–	26,489
Financial assets at fair value through profit or loss	4	<u>477,278</u>	<u>450,168</u>
Total assets		<u>494,451</u>	<u>490,154</u>
Liabilities			
Bank overdraft		–	6,365
Margin accounts		4,943	–
Payables		4,568	18,992
Financial liabilities at fair value through profit or loss	5	<u>13,965</u>	<u>1,187</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>23,476</u>	<u>26,544</u>
Net assets attributable to unitholders - Liability*	7	<u>470,975</u>	<u>–</u>
Net assets attributable to unitholders - Equity*	7	<u>–</u>	<u>463,610</u>

*Net assets attributable to unitholders are classified as financial liability at 31 December 2024 and equity at 30 June 2024 as the Fund no longer satisfies the criteria for classification as equity under AASB 132 *Financial Instruments: Presentation*.

The above condensed statement of financial position should be read in conjunction with the accompanying notes.

Condensed statement of changes in equity

		Half-year ended	
		31 December 2024	31 December 2023
	Note	\$'000	\$'000
Total equity at the beginning of the half-year		463,610	439,157
Reclassification*		<u>(463,610)</u>	<u>—</u>
Comprehensive income for the half-year			
Profit for the half-year	7	<u>—</u>	<u>23,192</u>
Total comprehensive income for the half-year		<u>—</u>	<u>23,192</u>
Transactions with unitholders			
Applications	7	<u>—</u>	<u>30,604</u>
Redemptions	7	<u>—</u>	<u>(81,065)</u>
Total transactions with unitholders		<u>—</u>	<u>(50,461)</u>
Total equity at the end of the half-year*	7	<u><u>—</u></u>	<u><u>411,888</u></u>

*The Fund's units have been reclassified from equity to financial liability as at 1 July 2024. Refer note 1 and note 7 for further details.

The above condensed statement of changes in equity should be read in conjunction with the accompanying notes.

Schroder Australian High Yielding Credit Fund
Condensed statement of cash flows
For the half-year ended 31 December 2024

Condensed statement of cash flows

	Half-year ended	
	31 December	31 December
	2024	2023
Note	\$'000	\$'000
<i>Cash flows from operating activities</i>		
Proceeds from sale of financial instruments at fair value through profit or loss	485,220	202,730
Purchase of financial instruments at fair value through profit or loss	(460,095)	(164,389)
Transaction costs	–	(16)
Dividends received	–	62
Interest received	11,875	11,732
Other income received	3	9
Payment of other expenses	(1)	–
<i>Net cash inflow from operating activities</i>	<u>37,002</u>	<u>50,128</u>
<i>Cash flows from financing activities</i>		
Proceeds from applications by unitholders	82,696	30,604
Payments for redemptions by unitholders	(109,639)	(80,457)
<i>Net cash outflow from financing activities</i>	<u>(26,943)</u>	<u>(49,853)</u>
<i>Net increase in cash and cash equivalents</i>	10,059	275
Cash and cash equivalents at the beginning of the half-year	(6,365)	721
Effects of foreign currency exchange rate changes on cash and cash equivalents	(434)	4
<i>Cash and cash equivalents at the end of the half-year</i>	<u><u>3,260</u></u>	<u><u>1,000</u></u>
Non-cash financing activities	<u><u>2</u></u>	<u><u>–</u></u>

The above condensed statement of cash flow should be read in conjunction with the accompanying notes.

1 Basis of preparation of interim report

These condensed interim financial statements cover Schroder Australian High Yielding Credit Fund (the "Fund") as a registered managed investment scheme. The Fund was constituted on 3 September 2001. With effect on 1 July 2024, the Fund issued units in the professional class, and subsequently, on 4 December 2024, it issued units in a new share class (Listed class), which is listed on the CBOE on 9 December 2024. These condensed interim financial statements are general purpose financial reports for the half-year ended 31 December 2024 prepared in accordance with accounting standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2024 and any announcements made in respect of the Fund during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The Responsible Entity of the Fund is Schroders. The Responsible Entity's registered office is Level 20, 123 Pitt Street, Sydney NSW 2000. The financial statements are presented in the Australian dollars.

Except for the impact of new and amended accounting standards adopted by the Fund, the accounting policies adopted are consistent with those of the previous financial year and the corresponding interim reporting period.

Reclassification of units from equity to financial liability

The Fund has issued units in a new share class (Professional Class and Listed Class) during the half-year ended 31 December 2024. The Fund now does not meet the criteria required under AASB 132 *Financial Instruments: Presentation* to recognise net assets attributable to unit holders as equity and the classification has therefore been changed from equity to liability. The effect of this change in classification has been presented from 1 July 2024 onwards, see Note 7 for further information.

2 Summary of material accounting policies

(a) New and amended standards adopted by the Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial half-year beginning 1 July 2024 that have a material impact on the amounts recognised in the prior periods or will affect the current or future periods.

(b) Net assets attributable to unitholders

Units are redeemable at the unitholders' option, however applications and redemptions may be suspended by the Responsible Entity if it is in the best interests of the unitholders. The units are classified as financial liabilities as the presence of multiple classes of units on issue by the Fund means it does not meet the criteria in AASB 132 *Financial Instruments: Presentation* for classification as equity.

The units can be put back to the Fund at any time for cash based on the redemption price. The units are carried at the redemption amount at balance sheet date if the holder exercises the right to put back to the Fund.

(c) Comparatives

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

3 Fair value measurement

The Fund measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets / liabilities at fair value through profit or loss ("FVPL") (see note 4 and 5)

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

3 Fair value measurement (continued)

Recognised fair value measurements

The tables below set out the Fund's financial assets and financial liabilities (by class) measured at fair value according to the fair value hierarchy at 31 December 2024 and 30 June 2024.

31 December 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Derivatives				
Forward currency contracts	–	1,710	–	1,710
Fixed interest futures	1,311	–	–	1,311
Interest bearing securities	–	467,658	–	467,658
Unlisted unit trusts	–	6,599	–	6,599
Total	1,311	475,967	–	477,278

Financial liabilities

Financial liabilities at fair value through profit or loss:

Derivatives				
Forward currency contracts	–	13,682	–	13,682
Fixed interest futures	283	–	–	283
Total	283	13,682	–	13,965

30 June 2024	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Financial assets				
Financial assets at fair value through profit or loss:				
Derivatives				
Forward currency contracts	–	1,488	–	1,488
Fixed interest futures	143	–	–	143
Interest bearing securities	–	448,507	–	448,507
Unlisted unit trusts	–	30	–	30
Total	143	450,025	–	450,168

Financial liabilities

Financial liabilities at fair value through profit or loss:

Derivatives				
Forward currency contracts	–	157	–	157
Fixed interest futures	1,030	–	–	1,030
Total	1,030	157	–	1,187

Investments in unlisted unit trusts of \$6,598,770 (30 June 2024: \$29,576) are classified as level 2 as they are not traded on an active market. Whilst not traded on an active market, units in the unlisted trusts are open to daily transactions. In addition, the underlying investments of the unlisted unit trusts are mostly classified as Level 1.

The Fund did not hold any level 3 instruments during the half-year ended 31 December 2024 and year ended 30 June 2024.

(i) Transfers between levels

There were no transfers between the levels of the fair value hierarchy during the half-year ended 31 December 2024 and year ended 30 June 2024.

4 Financial assets at fair value through profit or loss

	As at	
	31 December 2024	30 June 2024
	Fair value \$'000	Fair value \$'000
Financial assets at fair value through profit or loss		
Derivatives	3,021	1,631
Interest bearing securities	467,658	448,507
Unlisted unit trusts	6,599	30
Total financial assets at fair value through profit or loss	477,278	450,168
Comprising:		
Derivatives		
Forward currency contracts	1,710	1,488
Australian fixed interest futures	461	143
International fixed interest futures	850	–
Total derivatives	3,021	1,631
Fixed / Floating interest securities		
Australian corporate bonds	18,466	47,675
International corporate bonds	35,193	22,778
Australian floating rate notes	244,732	170,372
International floating rate notes	169,267	207,682
Total fixed / floating interest securities	467,658	448,507
Unlisted unit trusts		
Australian unlisted fixed interest trusts	6,599	30
Total unlisted unit trusts	6,599	30
Total financial assets at fair value through profit or loss	477,278	450,168

5 Financial liabilities at fair value through profit or loss

	As at	
	31 December 2024	30 June 2024
	Fair value \$'000	Fair value \$'000
Financial liabilities at fair value through profit or loss		
Derivatives	13,965	1,187
Total financial liabilities at fair value through profit or loss	13,965	1,187
Comprising:		
Derivatives		
Forward currency contracts	13,682	157
Australian fixed interest futures	–	97
International fixed interest futures	283	933
Total derivatives	13,965	1,187
Total financial liabilities at fair value through profit or loss	13,965	1,187

6 Financial assets and financial liabilities at amortised cost

The following financial assets and financial liabilities disclosed in the condensed statement of financial position are measured at amortised cost: receivables; accrued income; due from brokers - receivable for securities sold; margin accounts; payables; and bank overdraft.

7 Net assets attributable to unitholders

Movement in number of units and net assets attributable to unitholders during the half-year were as follows:

	As at			
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	No.'000	No.'000	\$'000	\$'000
Institutional Class				
Opening balance	304,320	320,594	463,610	439,157
Applications	35,885	22,026	56,666	30,604
Redemptions	(61,582)	(57,592)	(95,205)	(81,065)
Profit for the half-year	—	—	—	23,192
Increase in net assets attributable to unitholders	—	—	19,816	—
Closing balance	278,623	285,028	444,887	411,888
Listed Class				
Opening balance	—	—	—	—
Applications	2,590	—	25,963	—
Increase in net assets attributable to unitholders	—	—	55	—
Closing balance	2,590	—	26,018	—
Professional Class				
Opening balance	—	—	—	—
Applications	67	—	67	—
Units issued upon reinvestment of distributions	2	—	2	—
Increase in net assets attributable to unitholders	—	—	1	—
Closing balance	69	—	70	—

As stipulated within the Fund Constitution, each unit represents a right to an individual share in the Fund and does not extend to a right in the underlying assets of the Fund. There are three classes of unitholders in the Fund being Institutional Class, Listed Class, and Professional Class.

8 Distributions to unitholders

The distributions during the half-year were as follows:

	Half-year ended			
	31 December 2024		31 December 2023	
	\$'000	CPU	\$'000	CPU
Professional Class				
- 31 July	—	0.50	—	—
- 31 August	—	0.50	—	—
- 30 September	—	0.51	—	—
- 31 October	—	0.51	—	—
- 30 November	1	0.51	—	—
- 31 December*	1	0.51	—	—
	<u>2</u>		<u>—</u>	
	<u>2</u>		<u>—</u>	
Total distributions				
	<u>2</u>		<u>—</u>	

*CPU shown is the rate applicable to the sum of distributions paid and payable.

9 Events occurring after the reporting period

No significant events have occurred since the end of the reporting date which would impact on the financial position of the Fund disclosed in the condensed statement of financial position as at 31 December 2024 or on the results and cash flows of the Fund for the half-year ended on that date.

10 Contingent assets, liabilities and commitments

There are no outstanding contingent assets, liabilities or commitments as at 31 December 2024 and 30 June 2024.


Directors' declaration

In the opinion of the Directors of Schroder Investment Management Australia Limited:

- (a) the financial statements and notes set out on pages 4 to 12 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the financial half-year ended on that date;
- (b) there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Director 
N Goldsmith

Director 
N Morcos

Sydney
13 March 2025



Independent Auditor's Review Report

To the unitholders of Schroder Australian High Yielding Credit Fund

Conclusion

We have reviewed the accompanying **Condensed Interim Financial Report** of Schroder Australian High Yielding Credit Fund (the Fund).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Interim Financial Report of Schroder Australian High Yielding Credit Fund does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Fund's financial position as at 31 December 2024 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Condensed Interim Financial Report** comprises:

- Condensed statement of financial position as at 31 December 2024;
- Condensed statement of comprehensive income, Condensed statement of changes in equity and Condensed statement of cash flows for the half-year ended on that date;
- Notes 1 to 10 comprising material accounting policies and other explanatory information; and
- Directors' Declaration.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.



Responsibilities of the Directors for the Condensed Interim Financial Report

The Directors of the Schroder Investment Management Australia Limited (the Responsible Entity) are responsible for:

- the preparation of the Condensed Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Interim Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Condensed Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Interim Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Condensed Interim Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Fund's financial position as at 31 December 2024 and its performance for the half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Condensed Interim Period Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

K Hopkins

Karen Hopkins

Partner

Sydney

13 March 2025